Approved For Release 2009/07/22 : CIA-RDP86M00886R001100110001-0 DOCUMENTS CROSS-REFERENCED ATTACHED: FR - 84-2704+/1-2			
DOCUMENTS CROSS-REFERENCED ATTACHED: FR-84-2704+/1-2	Approved For Releas	e 2009/07/22 : CIA-RDP86M00886R	001100110001-0
FR-84-2704+/1-2			
		FR-84-2704+/1-2	
		•	
	Min and the second seco		
	Legistra Control		

Approved For Release 2009/07/22 : CIA-RDP86M00886R001100110001-0

Central Intelligence Agency



Washington, D. C. 20505

Executive Registry

84 - 2704/3

2 8 NOV 1984

STAT_{NOTE FOR}:

MISG/ODP

FROM Director of Central Intelligence

SUBJECT: Example of Excellence

STAT has brought to my attention your fine work late last year in saving us from some potentially very costly, new legislative requirements in the ADP acquisition area. I want you to know that all of us appreciate your good work on this issue. In addition, I've asked that the above memorandum describing your contribution be placed in your personnel file.

Thank you again for your initiative and hard work.

181, Winiam J. Corn

William J. Casey

SUBJ: Example of Excellence

ORIG: ExDir(Taylor); smg 5Nov84

DIST:

STAT

Orig - Addse

STAT

1 -OD&E/CPG/CTD/OF

1 - Pers File:

MISG/ODP

1 - DCI

ExDir

Central Intelligence Agency



84 - 2704/2

Executive Registry

Washington, D. C. 20505

8 8 MON 1904

$STAT_{\mathtt{NOTE}}$	FOR:	

OD&E/CPG/CTD/OF

FROM

Director of Central Intelligence

SUBJECT: Example of Excellence

I want to thank you for calling to my attention in your memorandum of 18 October the fine performance STAT of I appreciate your taking the time to record this example of excellence. I have asked that your memorandum to me, together with a covering STAT note back to from me, be placed in STAT

19/ William J. Own

William J. Casey

SUBJ: Example of Excellence

ORIG: ExDir (Taylor); smg 5Nov84

DIST:

Orig - Addse 1 - DCI ExDir



_ 200

Approved For Release 2009/07/22 : CIA-RDP86M00886R001100110001-0

Approved For Release 2009/07/22: CIA-RDP86M00886R001100110001-0 INTERNAL UNCLASSIFIED CONFIDENTIAL **SECRET USE ONLY** ROUTING AND RECORD SHEET SUBJECT: (Optional) An Example of Excellence FROM: EXTENSION NO. ER 84-2704/1 DATE OD&E/CPG/CTD/OF 22 OCT 84 TO: (Officer designation, room number, and DATE OFFICER'S INITIALS building) COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.) RECEIVED FORWARDED 1. AHI. COMPT 84-515 COMPT 84-514 D/CLA, 5. 7. 9. 10. 11. 12. 13. 14. **EXEC** 15. FORM 610 USE PREVIOUS EDITIONS INTERNAL **SECRET** CONFIDENTIAL [x]UNCLAS 3-62 USE ONLY

STAT

Central Intelligence Agency



Executive Registry
84 - 2704/1

Washington, D. C. 20505

18 October 1984 *

MEMORANDUM FOR: Director, Central Intelligence Agency

STAT

FROM:

OD&E/CPG/CTD/OF

SUBJECT:

An Example of Excellence

Late last year, while I was on a rotational tour with the Office of the Comptroller, the Conference Report on the Department of Defense Appropriations Bill for FY 1984 set forth six requirements on automatic data processing (ADP) acquisition. The requirements, which were binding on the Agency, included a ban on the lease or installment purchase of ADP equipment, a ban on sole-source ADP procurements, a buy-out of all leased ADP equipment, and a number of ADP reporting requirements to supplement those already in place. The effect of these requirements would have been to increase greatly the amount of paper work the Agency had to do to justify its ADP acquisitions and to limit the options available for acquiring The cost to the Agency would have been great, ADP equipment. with no resulting benefit.

STAT

of the Comptroller's Office was assigned the task of (I) satisfying the interim reporting requirements implied by the Conference Report, and (2) seeking relief from the requirements. After a first, quick-response request for an exemption was rejected by the House Appropriations Committee (HAC), Rich developed a strategy to attack the problem in a more systematic way. He sought information from the Directorates and worked closely with the Offices of Logistics and Data Processing and the National Photographic Interpretation Center to form a comprehensive picture of the Agency's ADP acquisition practices. His careful research and subsequent thorough economic analysis strongly demonstrated the inherent soundness of Agency ADP acquisition practices and their strict adherence to all applicable Agency and other US Government regulations.

that was sent to the Intelligence Community Staff over that was sent to the Intelligence Community-wide Mr. Brigg's signature for inclusion into a Community response on it, using report so much they based the Community response on it, using report so much they based the Community response on it, using report so much they based the Community response on it, using report so much they based to the Chairmen of the two relevant Congressional committees (House Chairmen of the two relevant Congressional committees. The and Senate Appropriations) over Mr. McMahon's signature. The and Senate Appropriations over Mr. Addabbo of the House following statement from Mr. Addabbo		SUBJECT: An Example of Excellence
	STAT	Mr. Brigg's signature for inclusion into a commentation. Mr. Brigg's signature for inclusion into a commentation. The Staff liked the response to the HAC recommendations. The Staff liked the response to the HAC recommendations on it, using report so much they based the Community response on it, using report so much they based the Community response on it, using report so much they based to the Chairmen of its language. 4. At the same time, report was sent to the Chairmen of the two relevant Congressional committees (House Chairmen of the two relevant Congressional committees. The and Senate Appropriations) over Mr. McMahon's signature. The and Senate Appropriations Committee speaks for itself: Your letter sets forth very cogently the reasons why the application of the ADP acquisition requirements would application of the ADP acquisition requirements would missions. Therefore, the Committee agree that CIA should missions and determination be exempt from those requirements.

SUBJECT: An Example of Excellence

Distribution:

STAT

1 - Addressee IHG/COMPT

1 - OD&E/CPG/CTD/OF STAT DD/S&T/OD&E/CPG/CTD/OF :11 (22 Oct 84)

EXECUTIVE SECRETARIAT ROUTING SUP

10:

		ACTION	INFO	DATE	INITIAL
ī	DCI		χ .		
2	DDCI		Χ		
3	EXDIR		X		
4	D/ICS		χ .		· .
. 5	DDI -	•	X		·
. 6	DDA.		X		
7	DDO		Х	• • •	
8	DDS&T	8000	.Х		
9	Chm/NIC				
10	GC	: 12 7			ļ
11	IG .				
12	Compt		X		<u> </u>
13	D/Pers				
ŀΔ	D/OLL		- X - · ·		
15	D/PAO		٠.		
16	SA/IA	·			
17	AO/DCI	<u> </u>		<u> </u>	
18	C/IPD/OIS.			22.7	1
19		100		ļ	<u> </u>
20			<u> </u>		<u> </u>
21		· .		ļ	
22		· :		<u> </u>	
	SUSPENSE	<u> </u>			•

Remarks

Executive Secretary
22 June 1984
Date

3637 (10-81)

M6MBERS Approved For Release 2009/07/22 : CIA-RDP86M00886R001100110001-0

JAMIE L. WHITTEN, MISS., CHARMAN EDWARD P. BOLAND, MASS. WILLIAM H. NASCHER, KY. NEAL SMITH, IOWA JOSSPH P. ADDABBO, N.Y. CLARENGE D. LONG, MD. SIDNEY R. YATES, ILL. DAVID R. OBEY, WIS. EDWARD R. ROYBAL, CALIF, LOUIS STOKES, DHIO TOM BEYLL, ALA. BILL CHAPPELL, JR., FLA. BILL ALEXANDER, ARK. JOHN F. MURTHA, PA. BOB TRAXLER, MICH. JOSEPH D. EARLY, MASS. CHARLES WILSON, TEX. LINDY (MRS. HALE) BOGGS, LA. NORMAN D. DICKS, WASM. MATTHEW F. MC HUGH, N.Y. WILLIAM ELPMAN, FLA. JACK HIGHTOWER, TEX. MARTIN OLAV SABO, MINN. JULIAN C. DIXON, CALIF. VIC FAZIO, CALIF. W.G. BILLI HEFNER, N.C. LES AUCGIN, ORFG. DANIEL K. AKAKA, HAWAII WES WATKINS, OKLA. WILLIAM H. GRAY III, PA. BERNARD J. DWYER, N.J. WILLIAM R. RAYCHFORD, CONN. BILL BONGER, TENN. STENY H. NOYER, MD. BOB CARR, MICH. SOBERT, MICH. BRAZEK, N.Y.

Congress of the United States House of Representatives Committee on Appropriations Washington, D.C. 20515

June 18, 1984

SILVIO O. CONTE, MASS,
JOSEPH M. MC DADE, PA,
JORNEDWARDS, ALA,
JOHN T. MYERS, IND.
J. KENNETH ROBINSON, VA
CLARENCE E. MILLER, OHIO
LAWRENCE COUGHLIN, PA
C. W. BILL YOUNG, FLA
JACK F. KEMP, N.Y.
RALPH REGULA, OHIO
GEORGE M. O'BRIEN, ILL
VIRGINIA SMITH, NEBR
ELDON RUDD, ARIZ
CARL D. PURSELL, MICH,
MICKEY EDWARDS, OKLA,
BOB LIVINGSTON, LA
BILL GREEN, N.Y.
TOM LOEFFLER, TEX,
JERRY LEWIS, CALIF,
JOHN EDWARD PORTER, ILL
HAROLD ROGERS, KY.

CLERK AND STAFF DIRECTOR KEITH F. MAINLAND TELEPHONE: (202) 225-2771

(402) 22

Executive Registry
84-2704

Honorable John N. McMahon Acting Director of Central Intelligence Washington, D. C. 20505

Dear Mr. McMahon:

This responds to your letter of June 4, 1984, requesting that CIA be granted an exemption from the requirements governing the acquisition of automated data processing (ADP) equipment as set forth in the Conference Report on the Department of Defense (DOD) Appropriations Bill for FY 1984, and the Classified Annex to the Conference Report.

Your letter sets forth very cogently the reasons why the application of the ADP acquisition requirements would adversely impact on the performance of CIA's unique missions. Therefore, the Committee agrees that CIA should be exempt from those requirements.

Sincerely.

øse⊌h/∜√Addabbo hairman

Zhairman

Defense Subcommittee

A-105 DCI EXEC REG

Identical copy of letter sent to Ted Stevens

Washington, D € 20505

4 JUN 1984

The Honorable Joseph P. Addabbo Chairman, Subcommittee on Defense Committee on Appropriations House of Representatives Washington, D.C. 20515

Dear Mr. Chairman:

The purpose of this letter is to ask that CIA be exempted from the requirements governing the acquisition of automated data processing equipment as set forth in the Conference Report and Classified Annex of the Department of Defense Appropriations Bill for 1984. In our judgment, the Committee's proposals restricting procurement funding options and sole source procurement will hamper the CIA's ability to satisfy critical national security requirements in a timely and effective manner. In addition, we are persuaded that they would not necessarily achieve any significant cost savings.

As you are aware, the CIA is critically dependent on ADP equipment for the handling of voluminous amounts of sensitive intelligence information. We currently use three methods to acquire this equipment: outright purchase, lease, and installment purchase. The availability of these procurement options permits our managers to tailor cost-effective strategies for the acquisition of ADP equipment; strategies that are based on the specific situation at hand.

A lease strategy typically turns out to be advantageous when the equipment system life is relatively short. A system is assigned a short system life when the technical or programmatic requirement is short lived, new technology of uncertain performance or applicability is being evaluated, or technical obsolescence is imminent (that is, superior equipment is expected to be available in the near term). Under these circumstances, lease is almost always cost-advantageous compared to alternate procurement methods.

Installment purchase plans are generally preferred in longer system life situations. A review of existing ADP equipment contracts (described below) demonstrated that installment purchase will frequently evaluate lower than outright purchase (using the standard 10 percent discount rate). Only installment purchase contracts were not economically

advantageous. The system life discounted savings available through FY 1985

25X1 25X1 exec REG

25X1

25X1

25X1

25X1

SECRET

buy-out of those four contracts averaged less than each. In addition, installment purchase has several other very important advantages. Under certain circumstances, the equipment may be returned to the vendor at no penalty to the Government. Thus, should the Congress not fund a program, for example, the equipment could be returned. The continuing financial relationship between the Government and the vendor serves also as an incentive for the latter to provide a maximum effort in support of the equipment. Lastly, in the situation where the Agency is faced with an unplanned new long-term requirement, the installment purchase option is invaluable. Equipment can be installed for relatively modest initial payments thereby permitting the necessary quick reaction and avoiding expensive long-term leasing.

Another important consideration is the relationship between technological obsolescence and procurement funding strategy. The demanding nature of Agency ADP activities frequently requires the use of state-of-the-art ADP equipment. This equipment generally offers the only prospect of meeting the exceptionally stringent performance and availability requirements associated with the timely manipulation of massive amounts of intelligence data. Unfortunately, use of state-of-the-art equipment generally implies the acceptance of what amounts to considerable technical and cost risk. The only responsible way to manage this risk is through the use of procurement options such as lease and installment purchase. Otherwise the Agency is at risk, on the one hand, of technological obsolescence stemming from a reluctance or inability to financially commit to the purchase of costly new technology, or, on the other hand, of being saddled with ownership of a "white elephant" should the technology not prove itself. Therefore, having lease and installment purchase options available is absolutely vital to the responsible management of state-of-the-art ADP activities.

As requested in the Conference Report, we carefully examined CIA ADP equipment currently under lease or installment purchase contract to identify items for which a buy-out would be cost-effective. This latter review resulted in the identification of only in potential savings over five years. These savings, which were computed using a 10 percent discount rate, should be viewed in the context of expenditures of over in FY 1985 alone on ADP equipment. Moreover, buy-out of the equipment in FY 1985 would require an additional (unbudgeted). The detailed results of this CIA review, along with results of similar reviews performed in other NFIP agencies, have been forwarded to the Intelligence Community Staff. The ICS is preparing a consolidated report for your Committee.

Your Committee has also proposed limiting sole source procurement. Agency policy strongly supports the competitive acquisition of ADP equipment. Regulations and procedures, both Government-wide and Agency, require ADP equipment to be procured competitively unless an explicit and detailed justification is provided. Many valid technical or operational situations exist, however, that do not meet the strict "national exigency" criterion proposed by Congress but do clearly justify acquisition on a sole source basis. Examples include unique technical or programmatic requirements, extreme time sensitivity, sensitive operational situations, or low value

25X1

25X1

25X1

25X1

25X1

25X1

procurements, where the cost of competition would clearly outweigh any conceivable savings. In situations such as these, the sole source procurement option is both essential and supported by existing Government and Agency regulations. Any changes to existing regulations that foster "competition for competition's sake" clearly would not be in the best interest of the Government, or for that matter, the vendor community. Moreover, when security or time sensitivity is an overriding requirement, the drastic limitation of sole source procurement would lessen our ability to fulfill our national security mission. We, therefore, must strongly recommend that existing competitive procurement regulations not be modified.

25X1

25X1

25X1

With respect to reviewing sole source acquisitions, the Agency has for many years had a thorough internal procedure for that purpose. All procurement in contract value must be approved by the Director of actions above To assist him in this task, the Agency has an advisory board, Logistics. known as the Agency Contract Review Board (ACRB), made up of senior managers from all directorates. This board reviews all acquisitions, competitive or Director of Logistics sole source, ADP or otherwise, that meet the approval threshold. Furthermore, Agency regulations and procedures require that all sole source procurement actions with contract value greater than have at least one additional level of review above that of the contracting officer with direct responsibility. Thus all sole source contract actions of significance are approved by senior contracting personnel. These procedures provide, in our view, the proper balance between oversight and management autonomy.

In summary, we seek exemption from the proposed Congressional restrictions on funding options and sole source procurement. We feel strongly that existing procedures are sound and cost-effective. Though sympathetic with Congressional intent, we believe the proposed changes will create artificial impediments to the successful performance of our mission.

Sincerely,

25X1

25X1

25X1

/S/ John N. McMahon

John N. McMahon Acting Director of Central Intelligence

Distribution:

Orig. - Addressees

1 - Executive Director

1 - Executive Registry

- 1 Acting Director of Central Intelligence
- 1 Director, Intelligence Community Staff
- 1 Director, Office of Legislative Liaison
- 1 Deputy Director of Intelligence
- 1 Deputy Director of Operations
- 1 Deputy Director of Science & Technology
- 1 Deputy Director of Administration
- 1 Compt Subj
- 7 Comptroller Group Chiefs
- 1 IHG Subj
- 1 IHG Chrono

O/Compt/IHG (1 Jun 84)

STAT

Central Intelligence Agency



4 JUN 1984

MEMORANDUM FOR	R: Director, Intelligence Community Staff
SUBJECT:	Report to Congress on ADPE Acquisition
REFERENCES:	A. Memorandum for Charles A. Briggs, CIA Program Manager, et al., from D/P&BS/ICS, dtd 14 Feb 1984, Subj: Congressional Concerns on ADP Acquisition (DCI/IC 84-3519)
	B. Memorandum for C/IHG/Compt/CIA, et al., from P&BS/ICS, dtd 14 Mar 1984, Subj: Report to Congress on ADPE Acquisition (DCI/IC 84-3940)
was requested h	emorandum transmits the results of a review of certain aspects ic data processing equipment (ADPE) acquisition. This review by the Appropriations Committees; follow-up tasking was provided encies via the references. The results of our review may be follows:
buy-out systems	CIA program ADPE contracts exist utilizing the lease or ment purchase method of acquisition for which a 1 January 1985 would result in system life discounted savings. For these, the total discounted savings over five years resulting from a year 1985 buy-out would be approximately
require	or additional (unbudgeted) runds in 1985.
Congressinstall	sional recommendations to limit the use of lease and ment purchase procurement options, though well-intentioned are

25X1

25X1

25X1 25X1

25X1

(CODET | Approved For Release 2009/07/22 : CIA-RDP86M00886R001100110001-0

25X1

25X1

25X1

25X1

and the second s

shortsighted. Lease is without question appropriate when economic analysis indicates it will result in the lowest overall evaluated cost to the Government over the system life. Similarly, installment purchase is an important option that increases our leverage over vendors, allows us to avoid budget "spikes" and, when subjected to a discounted cost analysis, often turns out to be less costly than outright purchase. Finally, the installment purchase option permits us to react quickly and cost-effectively to crisis situations. The loss of one or both of these options would curtail our management and budgeting flexibility, contribute to technological obsolescence, and probably wind up costing the taxpayers money.

- -- Additional Congressional constraints on and review of sole source procurement are unrealistic and would be counter-productive. Sole source procurement, though not preferred, is occasionally the only feasible procurement approach. Existing Government-wide and Agency regulations provide for this approach and those regulations should not be altered. To do so could seriously inhibit our ability to satisfy, in a timely manner, critical national security requirements; risk disclosure of sensitive national security information; cause unnecessary Government and vendor expenditures; and erode confidence in our procurement system.
- 2. Overall, we are convinced that CIA's present ADPE acquisition policies, regulations, and procedures are cost-effective. Though sympathetic with Congressional intent, we believe that the proposed changes will create artificial impediments to the performance of our mission. Consequently, we will seek exemption from the proposed Congressional limitations on funding options and sole source procurement.
- 3. If there are further questions, please do not hestitate to contact me or my staff.

25X1

Charles A. Briggs Executive Director

Attachment: As stated

25X1

25X1

Attachment

	Report to Congress on ADPE Acquisition	25 X 1
25X1	1. At the request of Congress, we performed an Agency-wide review of ADP equipment (ADPE) lease and installment purchase contracts to identify 1985 buy-out opportunities. Excluded was ADPE already scheduled for a 1985 or earlier buy-out, or ADPE with an 1985 purchase price of less than Based on this review, systems or major items were identified with a total 1985 ADPE lease or installment payment due of This latter of all planned Agency 1985 ADP equipment expenditures.	25X1 25X1 25X1 25X1 25X1
25X1	3. A discounted cost analysis was performed on the equipment items noted above using the 10 percent discount rate called for in existing acquisition regulations. Annual factors were taken from Department of Defense Instruction 7041.3, Economic Analysis and Program Evaluation for Resource Management, 18 October 1972. 4. The ratio of the discounted lease or installment purchase cost over the system life to the equivalent cost assuming a 1 January 1985 buy-out also was calculated and used as a ranking factor. For the items displayed in Table 1, the ranking factor is greater than one. Only these items have a buy-out less costly than continued lease or installment purchase. If the current procurement options are maintained, these items will cost in 1985. This represents less than percent of the applicable 1985 ADPE lease and installment purchase funds.	25X1 25X1 25X1
 25 X 1	5. The discounted savings occur over a five year period, and therefore are equivalent to savings of approximately To put these savings figures in perspective, ADP equipment expenditures (all procurement methods) in 1985 are approximately The estimated maximum annual discounted savings therefore are less than percent of 1985 ADP equipment expenditures. 6. The limited potential savings, we believe, are indicative of the soundness of the CIA's ADPE funding strategy. We generally use lease sparingly, only when it makes economic sense. We use installment purchase	25X1 25X1 25X1 25X1

1

more frequently since it generally is cost-effective, plus it has certain management and budgeting advantages over outright purchase. (The rationale behind our lease and installment purchase strategy is presented in more detail in the next section.) We will continue to monitor the identified contracts for savings opportunities. Supplemental funding will be required in 1985, however, if we are to effect the identified savings.

Lease and Installment Purchase Acquisition Options

7. Based on current planning, the CIA will spend an estimated percent of its 1985 ADP equipment budget for the outright purchase of equipment, percent for installment purchase, and the remaining percent for equipment lease. Congress has proposed restrictions on procurement options other than outright purchase. We believe such restrictions are not in the best interest of the Government.

25X1

25**X**1

25X1

- 8. Lease typically turns out to be advantageous when the equipment system life is relatively short. A system is assigned a short system life when the technical or programmatic requirement is short lived, new technology of uncertain performance or applicability is being evaluated, or technical obsolescence is imminent (that is, superior equipment is expected to be available in the near term). Under these circumstances, lease is almost always cost-advantageous compared to alternate procurement methods.
- Installment purchase plans (primarily alternate or annual payment plans--APPs) generally are preferred in longer system life situations. Installment purchase will frequently evaluate lower than outright purchase (using the standard 10 percent discount rate). In addition, installment purchase has several other very important advantages. Under certain circumstances, the equipment may be returned to the vendor at no penalty to the Government. Thus, should the Congress not fund a program, for example, the equipment could be returned. The continuing financial relationship between the Government and the vendor serves also as an incentive for the latter to provide a maximum effort in support of the equipment. Another important advantage in the use of installment purchase is it avoids difficulties associated with large swings in budget requests. The difficulties in obtaining large amounts of purchase funds would encourage the retention of obsolete equipment and erode our technological base. Lastly, in the situation where the Agency is faced with an unplanned new long-term requirement, the installment purchase option is invaluable. Equipment can be installed for relatively modest initial payments thereby permitting the necessary quick reaction and avoiding expensive long-term leasing, or the difficulties associated with seeking supplemental appropriations.
- 10. Another important point should be made on the relationship between technological obsolescence and procurement funding strategy. The demanding nature of Agency ADP activities frequently requires the use of state-of-the-art ADP equipment. This equipment generally offers the only prospect of meeting the exceptionally stringent performance and availability

2

25X1

25X1

25X1

requirements associated with the timely manipulation of massive amounts of intelligence data. Unfortunately, use of state-of-the-art equipment generally implies the acceptance of what amounts to considerable technical and cost risk. The only responsible way to manage this risk is through the use of procurement options such as lease and installment purchase. Otherwise the Agency is at risk, on the one hand, of technological obsolescence stemming from a reluctance or inability to financially commit to the purchase of costly new technology, or, on the other hand, of being saddled with ownership of a "white elephant" should the technology not prove itself. Therefore, having lease and installment purchase options available is absolutely vital to the responsible management of state-of-the-art ADP activities.

Competitive Acquisition

11. Congress has proposed a policy to drastically limit sole source procurement. Agency policy strongly supports the competitive acquisition of ADP equipment. Regulations and procedures, both Government-wide and Agency, require ADPE to be procured competitively unless an explicit and detailed justification is provided. Many valid technical or operational situations exist, however, that do not meet the strict "national exigency" criterion proposed by Congress but do clearly justify acquisition on a sole source basis. Examples include unique technical or programmatic requirements, extreme time sensitivity, sensitive operational situations, or low value procurements, where the cost of competition would clearly outweigh any conceivable savings. In situations such as these, the sole source procurement option is both essential and supported by existing Government and Agency regulations. Any changes to existing regulations that foster "competition for competition's sake" clearly would not be in the best interest of the Government, or for that matter, the vendor community. In those situations where sole source can be fully justified under existing procedures, engaging in an expensive but essentially artificial competition would be mismanagement. Moreover, when security or time sensitivity is an overriding requirement, the drastic limitation of sole source procurement would lessen our ability to fulfill our national security mission. We, therefore, must strongly recommend that existing competitive procurement regulations <u>not</u> be modified.

12. With respect to reviewing sole source acquisitions, the Agency has for many years had a thorough internal procedure for that purpose. All procurement actions above in contract value must be approved by the Director of Logistics. To assist him in this task, the Agency has an advisory board, known as the Agency Contract Review Board (ACRB), made up of senior managers from all directorates. This board reviews all acquisitions competitive or sole source, ADP or otherwise, that meet the of Logistics approval threshold. Furthermore, Agency regulations and procedures require that all sole source procurement actions with contract value greater than have at least one additional level of review above that of the contracting officer with direct responsibility. Thus all sole source contract actions of significance are approved by senior contracting personnel. These procedures provide, in our view, the proper balance between

25X1

25X1

25X1

25X1

oversight and management autonomy. Additional review, as suggested by Congress, either external or by senior Agency management, would be counter-productive. It would diminish the efficiency and timeliness of the contracting process, and erode the responsibility of contracting officers and cognizant technical personnel.

Other Congressional Concerns

- 13. Congress requested that an ADPE inventory be developed and maintained. The Office of Data Processing (ODP) has instituted a project to update the existing Agency-wide ADPE inventory. The inventory is somewhat outdated because resources to maintain it have not been available. Congress also wants assurances that ADP equipment is being efficiently reutilized when no longer needed by an activity. Agency regulations require that all ADP equipment when it nears the end of its system life be reviewed by ODP for possible reassignment within the Agency. (Excess ADPE is turned over to the General Services Administration for Government-wide reutilization). Rigorously enforced property management procedures have ensured that this ODP expert review has occurred prior to any ADP equipment leaving Agency control.
- 14. Finally, Congress expressed concern that contracting officers receive sufficient training in ADP procurement so they can effectively protect the Government interest. We believe our current contracting officer training program is appropriate in this regard. Formal training is supplemented by extensive on-the-job training. This is made possible by the existence of a branch within our Office of Logistics whose sole responsibility is ADP procurement. New personnel receive on-the-job ADP procurement training from more experienced branch members. We believe the mix of formal and on-the-job training is appropriate for developing expertise in the difficult ADP procurement specialty.

25X1

25X1

. Approved For Release 2009/07/22 : CIA-RDP86M00886R001100110001-0

SUBJECT: Report to Congress on ADPE Acquisition

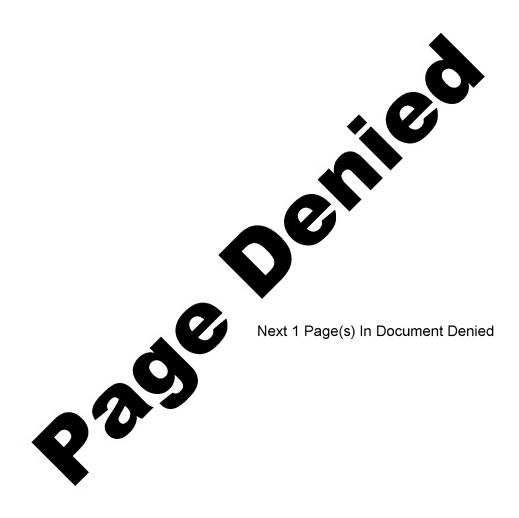
Distribution:

Orig. - Addressee

- 1 Executive Director
- 1 Executive Registry
- 1 Director, Office of Legislative Liaison
- 1 Deputy Director of Intelligence
- 1 Deputy Director of Operations
- 1 Deputy Director of Science & Technology
- 1 Deputy Director of Administration
- 1 Director of Data Processing
- 1 Director of Finance
- 1 Director of Logistics
- 1 Director of Scientific & Weapons Research
- 1 Director, NPIC
- 1 Information Systems Planning Officer/PS/DCI
- 1 Compt Subj
- 7 Comptroller Group Chiefs
- 1 IHG Subj
- 1 IHG Chrono

O/Compt/IHG/	(1	Jun	84

STAT



	VIM	ŁD	AT	E
SUBJECT: (Optional)	60c			(13)
Report to Congress FROM: O/Comptroller	OIL TWO-	<u></u> .	EXTENSION	COMPT 514-84
O: (Officer designation, room number, and vilding)	m number, and DATE RECEIVED FORWARDED		OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
1. 2111. 2.				Transmitting letters for ADCI signature. Please call
ER 3. SSC	1 1	N 1984		been signed. Thanks
ExDir 4. ADCI	1911	ml.		3-4: My letter responds to Dies
5.				request. The letters for your signature to and
y.				request. Line has already requested exemption for RISA;
				I strongly encourage you to Sign the enclosed examption
				requests for CIA:
•		×.	\$.	
				DCI EXEC REG
				REG

Approved For Release 2009/07/22 : CIA-RDP86M00886R001100110001-0 F A-105